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we have all the advantages."

Mr. Paulin noted that commercial space that had rented for \$2 a square foot was now renting for \$2.50 to \$3 a square foot.

Harold Lucas, head of Newark's Office of Development, said that a streamlining of the approval process for development had contributed to the resurgence of construction here.

"The enthusiastic marketing of the city by the new Mayor has done a lot to turn the corner in terms of changing the image of Newark and its development potential," Mr. Lucas added. "The Mayor is our biggest cheerleader."

'A BEAUTIFUL SIGHT'

At a ribbon cutting ceremony earlier this week, at the site of the rehabilitation of 41 rental apartments on Chancellor Avenue, Mayor Sharpe James extolled the virtues of the city.

"This is a beautiful sight," the Mayor said. "We've come a long way in a short period of time and it's going to get better. This is just one of the opportunities here."

William Johnson, who bought the building from the city in July, said he would spend more than \$1 million to renovate the property.

"The city has done a lot for me and my 12 children," he said. "They were all educated here and most have gone on to college."

Mr. Johnson said he bought his first building from the city, a six-family structure, in 1979 and over the years bought five others.

"I just parlayed the income I got from one into the other," he added. "If there's anything I can do for my city, I'll do it. It gives me pleasure."

Ara Hovnanian, vice president of the Hovnanian company, said the inner cities of New Jersey were providing wonderful opportunities for construction of housing.

"Newark is one of the prime ones," he said. "Prices have risen so much in the suburbs that a lot of people are being excluded. We have been able to come in with a program large enough to be meaningful."

FEDERAL EMPLOYEES DENTAL BENEFIT PROGRAM

HON. MICKEY LELAND

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1987

Mr. LELAND. Mr. Speaker, today I am introducing the Federal Employees Dental Benefits Act of 1987.

This bill represents an opportunity to provide to our Nation's 4.8 million Federal employees and annuitants a dental benefit program that is comparable in its design to the dental benefit programs in private industry; 111 million workers in the private sector now enjoy such benefits.

In addition, 36 State governments now offer dental benefits of some kind to their employees.

At the present time, a number of programs participating under the Federal Employees Health Benefits Act provide some dental benefits. The extent of these programs varies, but in many, especially the Governmentwide programs, dental benefits are either quite limited or not included at all. Moreover, the possibility of improving dental benefits within a single

program is not possible. The Federal Employees Health Benefits Act of 1973, which established the Federal Employees Health Benefits Program, did not include dental benefits. The Federal Employees Health Benefits Act of 1987, which amended the Federal Employees Health Benefits Act of 1973, did not include dental benefits. The Federal Employees Health Benefits Act of 1987, which amended the Federal Employees Health Benefits Act of 1973, did not include dental benefits.

The separately structured dental benefit program proposed in this bill is, itself, a modest one. But, being founded on a legislative mandate, which includes separate funding, presents two advantages: Expansion of coverage would be contingent upon the cost experience of the dental plan itself, not upon the cost experience of all health benefits as is now the case, and Federal employees and annuitants would have the opportunity to enroll in this program on the basis of their interest against their need for other health coverages, as, again, is now the case.

These advantages are now enjoyed by workers in private industry.

This bill will improve the comparability in compensation for Federal employees with private sector employees, a longstanding objective of the Congress.

A summary of the major provisions of the bill is set forth below:

SUMMARY OF MAJOR PROVISIONS OF "FEDERAL EMPLOYEES DENTAL BENEFIT PLAN ACT OF 1987"

This bill would establish a dental benefits program for Federal employees that is separate from, but parallel to, the Federal Employees Health Benefits Program.

It calls upon the Office of Personnel Management to provide benefits for diagnostic services, preventive care, emergency dental care services, fillings and simple extractions. To the extent available, OPM would contract with a service benefit plan, an indemnity benefit plan, an employee organization plan, an HMO plan and a direct reimbursement plan to provide these benefits. With OPM approval, any plan could offer additional benefits.

The usual cost-sharing provisions (deductibles, copayments (up to 50%), and annual maximums) are permitted, but copayments and deductibles cannot be applied to diagnostic, preventive and emergency services.

The bill includes qualifications for participation by the various models of plans, as well as safeguards against selective enrollment and disenrollment by employees and annuitants.

There is a preemption of state and local law to the extent such law is inconsistent with the plan's contractual provisions.

Under the bill, the Government contribution would be \$3 biweekly (self-only) or \$7 biweekly (self and family) but could not exceed 60% of the premium.

H.R. 3404

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Employees Dental Benefits Act of 1987".

DEFINITIONS

SEC. 2. As used in this Act—
(a) The terms "employees", "Government", and "member of family" have the same meanings as such terms have when used in chapter 89 of title 5, United States Code, except that such term includes an employee of the United States Postal Service or the Postal Rate Commission.

(b) The term "annuitant" means an annuitant, as defined in chapter 89 of title 5, United States Code, who becomes an annuitant on or after the effective date of the Federal Employees Dental Benefits Act, except that in applying such definition, the term "employee" has the meaning set forth in subsection (a) of this section.

(c) "Carrier" means a health insurance company, corporation, partnership, association, governmental organization, or other entity that offers a dental benefits plan.

(d) "Annuitant" means an annuitant, as defined in chapter 89 of title 5, United States Code, who becomes an annuitant on or after the effective date of the Federal Employees Dental Benefits Act, except that in applying such definition, the term "employee" has the meaning set forth in subsection (a) of this section.

DENTAL BENEFITS PLANS

SEC. 3. The Office of Personnel Management shall to the extent available contract for the following dental benefits plans:

(a) **DIRECT REIMBURSEMENT PLAN.**—One Government-wide plan under which benefits of the types described in section 4(a) are paid directly to covered persons described in section 2 of this Act upon receipt of evidence that expenses for services covered under the plan were incurred.

(b) **SERVICE BENEFIT PLAN.**—One Government-wide plan under which payment is made by an organization which has contracts or agreements with licensed dentists for benefits of the types described in section 4(a) of this Act rendered to covered persons described in section 2 of this Act; or, in the case of benefits rendered by dentists not under contract or agreement with such organization, like payments shall be made directly to covered persons described in section 2 of this Act.

(c) **INDEMNITY BENEFIT PLAN.**—One Government-wide plan under which the organization agrees to pay certain sums of money, not in excess of the actual expenses incurred, for benefits of the types described in section 4(a) of this Act rendered to covered persons described in section 2 of this Act.

(d) **EMPLOYEE ORGANIZATION PLANS.**—Employee organization plans which offer benefits of the types referred to in section 4 of this Act, which are sponsored or underwritten and administered, in whole or substantial part, by employee organizations, and which are available only to individuals and members of their families who at the time of enrollment are members of the organization.

(e) **HEALTH MAINTENANCE ORGANIZATION PLANS.**—Prepaid dental plans offered by organizations which (1) have been determined by the Secretary of the Department of Health and Human Services to be health maintenance organizations as defined by title XIII of the Public Health Services Act, or (2) receive a majority of their professional income from prepayment, and which have been providing such services for at least three years prior to approval by the Office of Personnel Management of the plan in which employees may enroll.

TYPES OF BENEFITS

SEC. 4(a). The benefits to be provided under the plans described in section 3 of this Act shall include but not be limited to the following types:

- (1) diagnostic services (oral examinations and X-rays);
- (2) preventive care (cleaning fluoride treatments, pit and fissure sealants, and space maintainers);
- (3) emergency dental care services (relief of acute conditions and pain);
- (4) fillings; and

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(5) simple extractions.

(b) Subject to the approval of the Office of Personnel Management—

(1) any plan may offer additional benefits, including crowns, prosthetic devices, additional oral surgery, endodontics, periodontics, orthodontics, and drugs and medicines for which a prescription is required by law and which are prescribed in connection with covered dental services;

(2) any plan may require of a beneficiary copayments for covered services: Provided, That no such copayment shall exceed 50 per centum of the value of the covered service: And provided further, That no copayment shall be applied to the services covered under subsections (1), (2), and (3) of section 4(a);

(3) in the case of a direct reimbursement plan, the government may offer a calendar year benefit expressed in dollars per enrollee that are equal to the actuarial value of the benefit described in section 4(a);

(4) any plan may require a calendar year maximum payment under the plan per beneficiary; and

(5) any plan may impose a calendar year deductible for each beneficiary which must be satisfied before such beneficiary is eligible for benefits under the plan except that no deduction may be applied to services in subsections (1), (2), and (3) of section 4(a).

CONTRACTING AUTHORITY

Sec. 5(a). The Office of Personnel Management may contract with qualified organizations offering plans described by section 4 of this Act without regard to section 5 of title 41 or other statute requiring competitive bidding. Each contract shall be for a uniform term of at least one year, but may be made automatically renewable from term to term in the absence of notice of termination by either party.

(b) A contract for a plan described in section 3 of this Act shall require the carrier to allocate its rights and obligations under the contract among its affiliate, which elect to participate, under an equitable formula to be determined by the carrier and the affiliate and approved by the Office of Personnel Management.

(c) To be eligible as a carrier for the plan described in section 3 of this Act, a company must be licensed to issue group dental insurance in at least one State and the District of Columbia.

(d) A contract for a plan described in section 3 of this Act shall require the carrier to reimburse with equal complicity, with respect to participation, under an equitable formula, to be determined by the carrier and approved by the Office of Personnel Management.

(e) Each contract under this Act shall contain a detailed statement of benefits offered and shall include such maximums, limitations, exclusions, and other elements of benefit as the Office of Personnel Management may determine to be necessary or desirable.

(f) A contract may not be made of a plan approved which excludes any person because of race, sex, health status, or age.

(g) An employee or annuitant who elects to enroll himself or herself and his family from a dental benefits plan described in section 3, other than by reason of being placed in a line of business position, shall be eligible to participate in the plan only upon payment of a plan enrollment fee to the employee's supervisor, the plan's total premium for the period of disenrollment.

(h) The provisions of any contract under this Act which related to the nature or

extent of coverage or benefits (including payments with respect to benefits) shall supersede and preempt any State or local law, or any regulation issued thereunder, which relates to dental insurance or plans to the extent that such law or regulation is inconsistent with such contractual provisions.

(i) Rates charged under the dental benefits plans described by section 3 of this Act shall reasonably and equitably reflect the cost of the benefits provided. The rates for the first contract term shall be continued for later contract terms, except that they may be readjusted for any later term on the basis of past experience and benefit adjustments under the later contract. Any readjustment in rates shall be made in advance of the contract term in which they will apply and on a basis which is consistent with the general practice of organizations offering plans approved under this Act.

(j) Each contract under this Act shall require the carrier to agree to pay for or provide benefit in an individual case if the Office of Personnel Management finds that the employee, annuitant or family member is entitled thereto under the terms of the contract.

(k) Each contract entered into this Act shall contain provisions requiring the carrier to—

(1) furnish such reasonable reports as the Office of Personnel Management determines to be necessary to enable it to carry out the purposes of this Act; and

(2) permit the Office of Personnel Management and the General Accounting Office to examine such records of the carrier as may be necessary to carry out the purposes of this Act.

(l) Each Government agency shall keep such records, make such certifications, and furnish the Office of Personnel Management such information and reports as may be necessary to enable it to carry out its functions under this Act.

(m) The contracts under this Act shall not be subject to the Federal Procurement Regulations, but the Office of Personnel Management is hereby directed to establish by regulation such additional requirements as are necessary to carry out the purposes of this Act and which are not in conflict with the Federal Procurement Regulations.

EXTENSION OF COVERAGE

Sec. 6(a). An employee may enroll in an approved dental benefits plan described by section 3 of this Act either as an individual or for self and family. If an employee has dependents, he must enroll all such dependents in accordance with eligibility standards promulgated by the Office of Personnel Management except as provided in subsection (c) of this section.

(b) An annuitant who at the time he becomes an annuitant was enrolled in a dental benefits plan under this Act—

(1) as an employee for a period of not less than A, the five years of service immediately before retirement or B, the full period or periods of service between the last day of the first period, as prescribed by regulations of the Office of Personnel Management, in which he is eligible to enroll in the plan and the date on which he becomes an annuitant, whichever is shorter; or

(2) as a member of the family of an employee or annuitant, may continue to enroll in the plan under the dental benefits plan described by regulations of the Office of Personnel Management.

(c) If an employee has a spouse who is an employee, either spouse, but not both, may enroll for self and family, or each spouse may enroll as an individual. However, an individual may not be enrolled both as an em-

ployee or annuitant and as a member of the family.

(d) An employee or annuitant enrolled in a dental benefits plan under this Act may change his coverage or that of himself and members of his family by an application filed within sixty days after a change in family status or at other times and under conditions prescribed by regulations of the Office of Personnel Management.

(e) An employee or annuitant may transfer his enrollment from a dental benefits plan described by section 3 of this Act to another plan described by that section at the times and under the conditions prescribed by regulations of the Office of Personnel Management.

CONTRIBUTIONS AND WITHHOLDINGS

Sec. 7(a). The Government contribution for dental benefits for employees or annuitants enrolled in dental benefits plans under this Act shall be \$3 biweekly for an employee or annuitant who is enrolled for self alone and \$7 biweekly for an employee or governmental contribution shall not exceed 60 per centum of the premium for the benefits provided.

(b) There shall be withheld from the salary of each enrolled employee and from the annuity of each enrolled annuitant as much as is necessary after deducting the contribution of the Government, to pay the total charge for his enrollment. The amount withheld from the annuity of an annuitant shall be equal to the amount withheld from the salary of an employee enrolled in the same plan providing the same benefits.

(c) In addition, the Government shall contribute an amount, as determined by the Office of Personnel Management, up to 5 per centum of each contribution authorized by subsection (a) of this section of the Federal Employees Dental Benefits Fund, for the payment of expenses incurred by the Office of Personnel Management or by an approved dental benefit plan in administering this Act.

(d) The Government contribution for dental benefits for an employee shall be paid—

(1) in the case of employees generally, from the appropriation or fund which is used to pay the employee;

(2) in the case of elected officials, from an appropriation or fund available for the payment of other salaries of the same office or establishment; and

(3) in the case of an employee of the legislative branch who is paid by the Clerk of the House of Representatives, from the contingent fund of the House.

(e) The Government contributions authorized by this section for dental benefits for an annuitant shall be paid from annual appropriations which are hereby authorized to be made for that purpose.

(f) The Office of Personnel Management shall provide for the conversion of biweekly rates of contribution specified by this section to rates for employees and annuitants paid on other than a biweekly basis and for this purposes may provide for the adjustment of the covered rate to the nearest cent.

INFORMATION TO EMPLOYEES

Sec. 8(a). The Office of Personnel Management shall make available to each employee and annuitant enrolled in a dental benefits plan under this Act a written statement in a form approved by the Office of Personnel Management and the carrier, as may be necessary to enable the employee to exercise an informed choice among the types of plans described by section 3 of this Act.

